

### FINANCIALLY STABLE CUSTOMERS

We primarily target customers between the ages of 30 and 60. We avoid lending to younger people, since they in many cases have not achieved the stability necessary for us to make an accurate credit assessment. The average age of our loan customers is 52. They are financially stable with an income level in line with or above the national average and many own their own homes. Just over one fourth of those who have a loan from us have a co-borrower. Only 2% of our total lending is to customers younger than 30.

Our customers amortise, on average, about 2 percent of its debt per month which we think is healthy. We do not offer interest-only loans.

### ROBUST CREDIT ASSESSMENTS PRODUCE STABLE CREDIT QUALITY

Evaluating risk is part of our DNA thanks to our long experience in the industry through various economic cycles. Knowledge and the collection and use of relevant data over a long period to build algorithms for credit assessments are cornerstones in our model. We have a data-driven process for credit assessments that begins already with marketing to financially stable individuals. It is based on statistical models that we continuously test and improve.

The process is partly automated, but many approvals are reviewed manually to ensure that the data are correct before a final decision is made. The minimum criteria include that the customer has a permanent address and no history of unpaid and past due debts. We then score the applicant depending, for example, on income and family situation. There is a scoring model for each country based on historical results for our loan portfolio.

The scoring model is evaluated and reviewed each month. In the credit assessment we prepare a "left to live on" calculation and look at the customer's total debt level. Our assessment is thorough, and in 2016 we approved only about one fourth of the applications we received. It is vital from a customer and long-term profitability perspective to never compromise on credit quality.

### OUR CUSTOMERS

AVERAGE AGE

**52**  
years

OWN THEIR OWN HOME

**67%**

AVERAGE MONTHLY INCOME

**37,000 SEK**

In line with or above the national average in each market

### NET CREDIT LOSS LEVEL

%

